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FISCAL IMPACT STATEMENT

LS 7066

BILL NUMBER: HB 1261

NOTE PREPARED: Feb 24, 2006

BILL AMENDED: Feb 23, 2006

SUBJECT: Housing and Community Development Authority.

FIRST AUTHOR: Rep. Burton

FIRST SPONSOR: Sen. Lubbers

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill changes references to the Indiana Housing Finance Authority to the Indiana Housing and Community Development Authority. It specifies additional powers of the Authority. The bill renames the Low Income Housing Trust Fund the Affordable Housing and Community Development Fund. The bill also expands the uses of the Fund. It changes the membership and name of the advisory committee. It also repeals the law concerning the Indiana Affordable Housing Fund.

The bill limits the Neighborhood Assistance Tax Credit to persons who contribute to neighborhood organizations that provide neighborhood assistance. (Current law permits tax credits for persons who engage in providing assistance.) The bill also changes many definitions in the Neighborhood Assistance Tax Credit to specifically include services provided to economically disadvantaged households that may be located outside economically disadvantaged areas.

It moves the following programs from the Family and Social Services Administration to the Lieutenant Governor: (1) the Housing Assistance Act of 1937; (2) Community Services Block Grant; (3) Home Energy Assistance Programs; (4) Weatherization Assistance; (5) Food and Nutrition Programs; (6) Migrant and Farm Worker Programs; (7) Emergency Shelter Grant Programs; and (8) Shelter Plus Care Programs.

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Housing Funds:* The bill reorganizes the two housing funds administered by the Indiana Housing and Community Development Authority (IHCDA) by renaming the Housing Trust Fund the Affordable Housing and Community Development Fund and expanding its uses to include those of

the Affordable Housing Fund, which the bill repeals. This provision has no fiscal impact because the Housing Trust Fund has had a zero balance since FY 1999 and the Affordable Housing Fund does not have an account number.

Transfer of programs from FSSA to the Lieutenant Governor: This bill transfers the: (1) Housing Choice Voucher Program, (2) Energy Assistance Block Grant, (3) Weatherization Assistance, (4) Community Services Block Grant, (5) Shelter Plus Care, (6) Emergency Shelter Grants, (7) Commodity Supplemental Food, (8) Community Food and Nutrition, (9) Emergency Food Assistance Program, and (10) Consolidated Outreach Project from the Family and Social Services Administration (FSSA) to the Lieutenant Governor. The bill also includes the objectives of these grant programs within the powers of the IHCD to permit the Authority to administer the programs under the auspices of the Lieutenant Governor.

The statutory transfer of various functions and responsibilities of the FSSA to the Lieutenant Governor will not necessarily represent a fiscal impact to the state. Any costs that might be incurred from a physical relocation of offices and any expenditures that could be reduced because of operational efficiencies will depend upon administrative action.

Background Information: With the exception of the Temporary Emergency Food Assistance Program (TEFAP) (Emergency Food Assistance Program), all of the programs being transferred to the IHCD are funded completely by the federal government. The TEFAP receives minimal state funding (\$145,506 annually appropriated for FY 2006 and FY 2007). In addition, all programs are administered through entities which have either contracted with or received grant money from the FSSA for provision of services.

Explanation of State Revenues: *Housing Funds:* The bill adds donations from public or private sources to the list of resources that make up the newly named Affordable Housing and Community Development Fund. This increases the potential for revenue to be placed in the fund.

Neighborhood Assistance Program (NAP) Tax Credit: The bill limits the NAP tax credit to taxpayers who contribute to a nonprofit neighborhood organization that provides qualified community programs or services in economically disadvantaged areas. Current statute also allows a taxpayer to claim the NAP tax credit for directly providing qualified programs or services. This limitation likely will not change the overall fiscal impact of the credit. The credit is capped at \$2.5 M annually, and credit applications in recent years generally have exceeded this limit. Credit approvals for FY 2006 total \$2.5 M and appear to be limited to neighborhood organizations. The NAP tax credits may be claimed against the Adjusted Gross Income Tax or Financial Institutions Tax liability.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Housing and Community Development Authority.

Local Agencies Affected:

Information Sources: Scott Geans, Assistant Controller, State Budget Agency.

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